

From: Tavlarides, Mark
Sent: Tuesday, October 2, 2018 4:36 PM
To: Tavlarides, Mark <mtavlarides@bgrdc.com>
Subject: Good news on Somalia from the World Bank, EU, and IMF

Good afternoon,

BGR Group represents the Ministry of Finance, the Federal Republic of Somalia. They recently concluded successful negotiations with the World Bank in Nairobi on development and financial support for Somalia. On September 25, the joint Boards of Executive Directors of the International Development Association (IDA), International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA) expressed strong support for the future of Somalia, announcing \$80 million in grants to fund public finance reforms, the first WB grants to Somalia in 30 years. The day after, on September 26, the European Union approved its "first ever budget support operation" in Somalia, totaling €100 million over the course of three years. These two significant developments follow the IMF's positive assessment of its third Staff Monitored Program in Somalia.

The WB's Country Partnership Framework (CPF) grants will provide for recovery efforts of crucial economic sectors, such as agriculture, fishery, and livestock. Investment in these key sectors will help combat unemployment in the youth population as well as increase revenue and foreign exchange earnings for the government. As seen in the attached letter, the U.S. Chair on the Board "emphasized the United States' strong support for Somalia."

Additionally, the Board praised the government for the significant steps taken towards enacting governance and economic reforms, as well as efforts to strengthen peace and regional security. With progressively normalized political processes, increased public access to basic services, and soon the implementation of the CPF, there is an opportunity to bring about an economic reconstruction that can pull Somalia out of a cycle of poverty, instability, and humanitarian crisis.

I strongly encourage you to read the attached letter from Andrew Ndaamunhu Bvumbe, the Executive Director for Africa Group 1 Constituency (AFG1) at the World Bank, addressed to His Excellency Dr. Abdirahman Duale Beileh, Somalia's Minister of Finance, announcing the joint Boards' decision and expressing support for the implementation of the CPF in Somalia.

Please let me know if you have any questions.

Thanks,

Mark

Mark Tavlarides
Senior Vice President, International

Note: BGR Government Affairs, LLC has filed registration statements under the Foreign Agents Registration Act with regard to its representation and dissemination of information on behalf of the Ministry of Finance, the Federal Republic of Somalia. Additional information is on file with the Foreign Agents Registration Unit of the Department of Justice in Washington, DC.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
Washington, D.C. 20433
U.S.A.

ANDREW NDAAMUNHU BVUMBE
EXECUTIVE DIRECTOR

REF: WB/156/18

September 25, 2018

H.E. Dr. Abdirahman Duale Beileh,
World Bank Group Governor and
Minister of Finance,
Mogadishu,
Federal Republic of Somalia.

Dear Honorable Governor,

Somalia – IDA/IFC/MIGA Country Partner Framework FY19-FY22

I am pleased to inform you, Honorable Governor, that the joint Boards of Executive Directors of the International Development Association (IDA), International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) on September 25, 2018 discussed and approved the Country Partnership Framework (CPF) for the period FY19-FY22 for the Federal Republic of Somalia.

At the same meeting, Executive Directors also approved additional grants from the IDA Pre-Arrears Clearance Grant resources to the Federal Republic of Somalia amounting to SDR 42.8 million (US\$ 60.0 million equivalent) for the *Somalia Recurrent Cost and Reform Financing Project* (RCRF) and SDR 14.3 million (US\$ 20.0 million equivalent) for the *Domestic Revenue Mobilization and Public Financial Management Capacity Strengthening Project* (DRM & PFM). The Executive Director from the United States wished to be recorded as abstaining on those two projects for legislative mandated reasons. However, the USA Chair on the Board emphasized the United States' strong support for Somalia and the Federal Government's economic reform agenda as well as efforts to reach the Highly Indebted Poor Countries Initiative (HIPC) decision point.

The RCRF is jointly financed by Somalia Multi Partner Fund (SMPF) trust fund grant amounting to US\$2 million. The project will focus on three interrelated components (i) Recurrent cost finance to reform resource management systems in the Federal Government of Somalia (FGS) (ii) Strengthen inter-governmental fiscal relations, including coordination forums and secretariat support; and (iii) Transfer for core government functions and foundational education and health service delivery mechanism in eligible FMS focusing on financing teachers and female health workers.

The DRM & PFM Project is also jointly financed by Somalia Multi Partner Fund (SMPF) trust fund grant amounting to US\$10 million. Thus, the total financing of the two projects amounts to US\$92 million.

Executive Directors expressed strong support for the CPF through their joint written and oral statements at the Board discussion. Executive Directors fully supported the Bank's growing engagement in Somalia and for the two CPF focus areas, which will help target the serious constraints to poverty reduction. In their approval of the CPF, they commended the efforts of the Government of Somalia in successfully completing the two Staff-Monitored Programs and for building a track record of implementing policy reforms. They further commended the Government for their strong commitment to deepening economic reforms under extreme difficult conditions, as well as the significant progress that the country has made towards peace and stability.

Executive Directors also appreciated the Bank's well targeted assistance through the IDA Pre-Arrears Clearance Grants to support reforms that will help Somalia reach the HIPC Decision Point. They strongly welcomed the focus on reforms on domestic revenue mobilization and financial management, which are key to building state capacity and accountability.

Executive Directors stressed the key role of the private sector and encouraged IFC and MIGA to look into ways to engage the country soon. They sought a strong engagement for IFC and MIGA and called for greater advisory and financing roles with the support of the Private Sector Window (PSW) and the World Bank Group's (WBG) cascade approach.

Executive Directors further encouraged the WBG to pay close attention to the high fatality rate, gender inequality and disaster risk management, and to explore ways to prioritize productive/infrastructure sectors and to use its resources and convening power to foster regional integration. They appreciated the focus of the CPF on fraud and corruption and encouraged the Bank to closely monitor integrity risks. They also urged the Bank to strengthen data management and the results framework, integrate thoughtful political economy analysis, secure resources for monitoring and supervision, and to enable timely course correction when needed. They underscored the importance of incorporating the learning mechanism to generate lessons from the Somalia engagement that can inform the WBG's work in other FCV cases

My interventions on behalf of the Government, focused on the need for the WBG to implement the CPF with great ambition and to accelerate the process of arrears clearance and reaching the Decision Point under the HIPC Initiative as soon as possible. Noting the importance of the private sector, I stressed that the engagement of the IFC in Somalia would be a test case for the IFC engagement in FCVs and expressed confidence in the technical capabilities of the WBG Country Office and the commitment of Government to strive for development impact in the context of the scaled up WBG program.

Prior to today's discussion, my Office held a fruitful outreach to several of my fellow Executive Directors in order to garner support, which resulted in 22 Chairs jointly issuing statement of support for the CPF. Kindly find attached my statement to the Boards of Executive Directors and the joint statement that resulted from this outreach effort.

I wish you, Honorable Governor, and the Government of the Federal Republic of Somalia every success in the implementation of the CPF.

Please accept, Honorable Governor, the assurances of my highest consideration.

Sincerely,



Andrew N. Bvumbe
Executive Director

cc: H.E. Mr. Bashir Isse, Alternate Governor of the World Bank Group, and Governor of Central Bank of Somalia

Encl.

AFGI Executive Director' Speaking Note on Somalia CPF _ Sep 25, 2018

Executive Directors' Joint statement on Somalia CPF _ Sep 25, 2018